

# Sterling Bancorp, Inc.

NASDAQ: SBT



*Investor Presentation*

March 2019

# Forward-Looking Statements

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This presentation and other communications by Sterling Bancorp, Inc. (“Sterling”) include certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities and Exchange Act of 1934, as amended regarding Sterling’s plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management’s expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to: potential delays or other problems implementing our growth, expansion and other growth strategies including delays in identifying sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices; availability and access to capital; possible downgrades in Sterling’s credit ratings or outlook which could increase the costs or availability of funding from capital markets; the ability to attract new or retain existing deposits or to retain or grow loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates; competitive factors and pricing pressures, including their effect on our net interest margin; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers, collateral values, the value of investment securities and asset recovery values; changes in legal, financial and/or regulatory requirements; recently enacted and potential legislation and regulatory actions and the costs and expenses to comply with new and/or existing legislation and regulatory actions; changes in U.S. government monetary and fiscal policy; the ability to keep pace with technological changes, including changes regarding maintaining cybersecurity; the impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber-attacks or an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting Sterling or its customers; adoption of new accounting standards or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions or rulings as well as other factors identified in this presentation or as detailed from time to time in our public filings, including those factors included in the disclosures under the headings “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” in our final prospectus filed with the Securities and Exchange Commission on November 17, 2017 and future periodic reports. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by such forward-looking statements. Sterling disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

# Investment Highlights



- Experienced Leadership Team



- Desirable Branch Network in High-Growth Markets



- Pristine Credit Quality



- Focused Suite of Residential & Commercial Products



- In-Branch Relationship Deposits and Loans

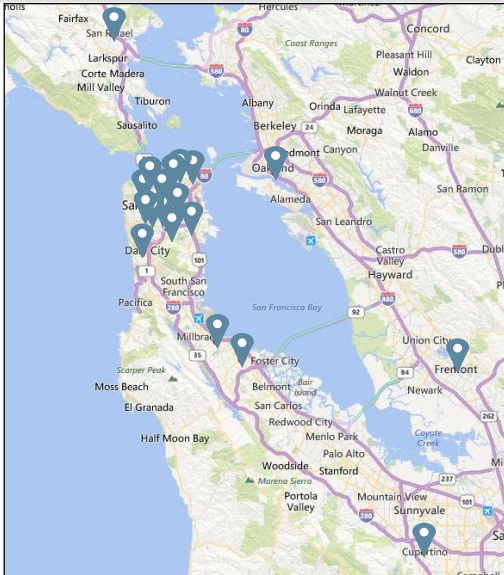


- Profitable & Efficient Business Model

# Key Markets

## Desirable Branch Network in High-Growth Markets

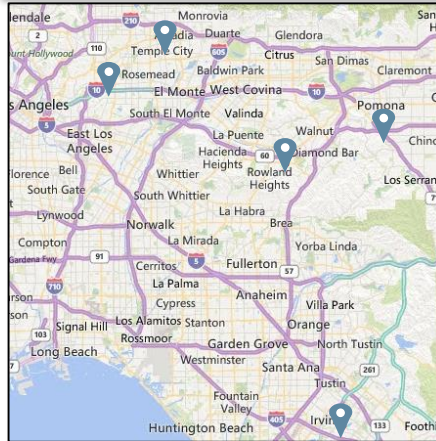
### San Francisco Bay Area (20 Branches)



#### SF Bay Area Markets

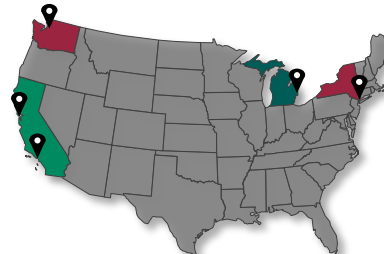
- San Francisco (13)
- Burlingame (1)
- Daly City (1)
- San Mateo (1)
- San Rafael (1)
- Cupertino (1)
- Fremont (1)
- Oakland (1)

### Los Angeles / Orange County (5 Branches)



#### LA / Orange County Markets

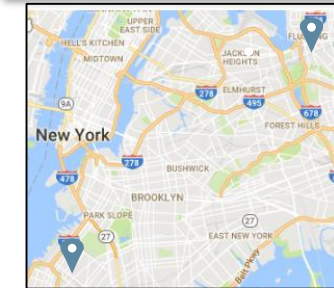
- Alhambra (1)
- Arcadia (1)
- Irvine (1)
- Rowland Heights (1)
- Chino Hills (1)



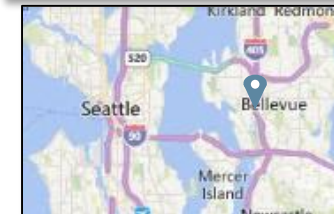
### Southfield, MI (1 Operational Branch)



### New York, NY (2 Branches)



### Greater Seattle, WA (1 Branch)

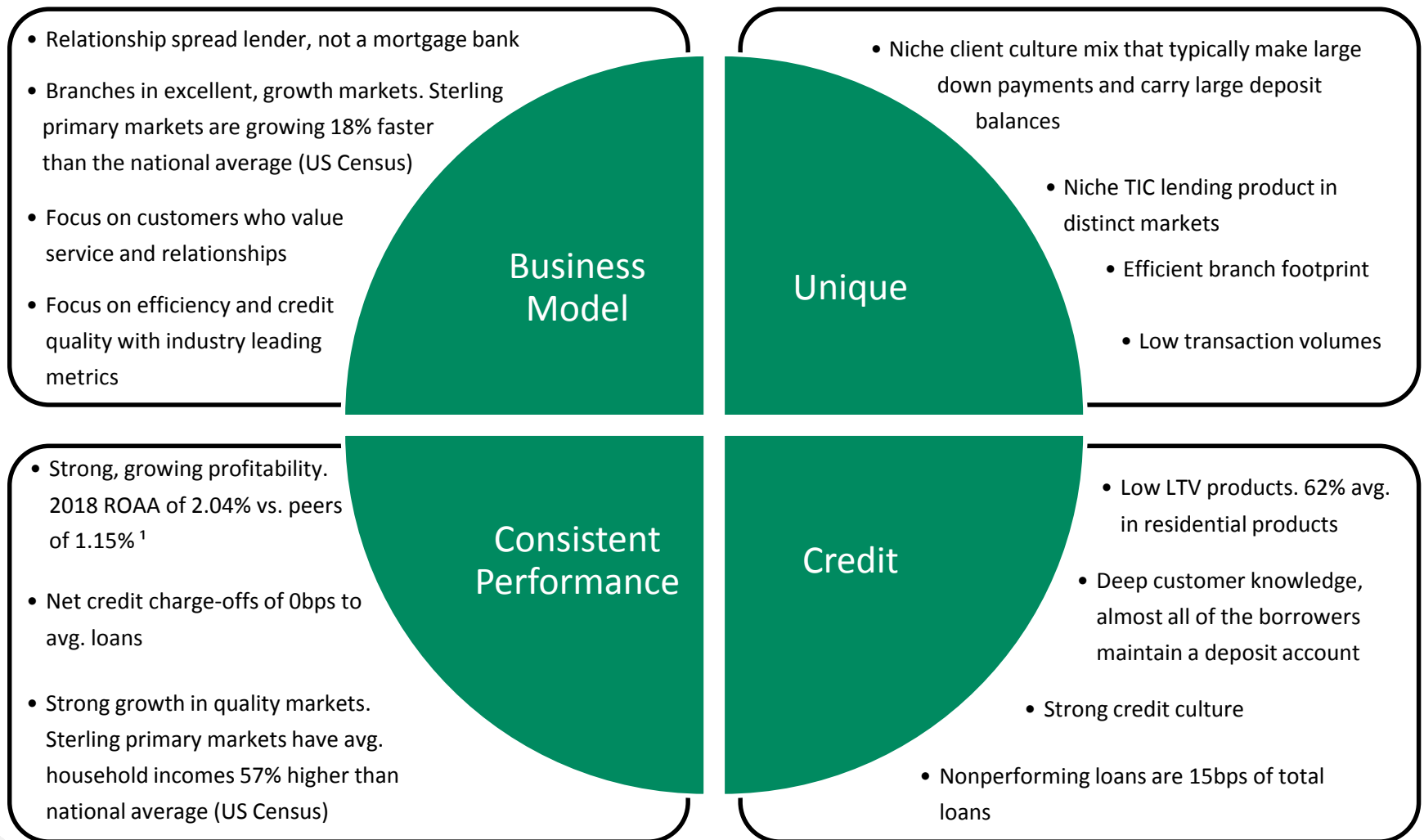


# Progress Report on New Market Expansion

## Increasing Contributions from Newer Markets

	<u>Background</u>	<u>Performance</u>
<b>Los Angeles/ Orange County</b>	<ul style="list-style-type: none"> <li>• Launched operations in 2015</li> <li>• Opened Koreatown branch in 1Q19</li> </ul>	<ul style="list-style-type: none"> <li>• Accounts for nearly 50% of residential loan production</li> <li>• Contains largest branch with approx. \$300 million in deposits</li> </ul>
<b>New York City</b>	<ul style="list-style-type: none"> <li>• Launched operations in 2017</li> <li>• Relocated to ground floor branch in Sept. 2018, improving visibility and traffic</li> </ul>	<ul style="list-style-type: none"> <li>• Accounts for over 10% of residential loan production</li> <li>• \$3 million of commercial loan production in 2H18</li> </ul>
<b>Greater Seattle</b>	<ul style="list-style-type: none"> <li>• Opened first branch in Aug. 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Gathered over \$13 million in deposits in 4Q18</li> <li>• \$8 million of commercial loan production in 2H18</li> </ul>

# Strategic Overview



Note:

1: Peers consists of exchange-traded banks and thrifts with \$1Bn - \$5Bn in assets as of December 31, 2018 quarterly filings, mean metrics pictured.

Source: SEC Filings, U.S. Census data as of June 30, 2017

# FY 2018 Financial Summary

## Continued Growth

Financial Highlights	
<b>Balance Sheet (\$ Million)</b>	
Total Assets	\$3,197
Cash and Securities	\$203
Net Loans	\$2,896
Total Deposits	\$2,453
Total Equity	\$335
<b>FY 2018 Performance Ratios and Profitability</b>	
Return on Average Assets	2.04%
Return on Average Equity	20.7%
Return on Average Tangible Common Equity	20.7%
Net Interest Margin	3.94%
Efficiency Ratio	35.4%
Net Income (Million)	\$63.5
<b>Capital Ratios</b>	
Tang. Common Equity / Tang. Assets	10.47%
Leverage Ratio	10.42%
Common Equity Tier 1 Risk-Based Capital Ratio	17.45%
Tier 1 Risk-Based Capital Ratio	17.45%
Total Risk-Based Capital Ratio	21.98%
<b>Asset Quality</b>	
Nonperforming Loans	\$4.5
Nonperforming Loans / Total Loans	0.15%
Nonperforming Assets	\$10.2
Nonperforming Assets / Total Assets	0.32%
ALLL / Nonperforming Loans	486%

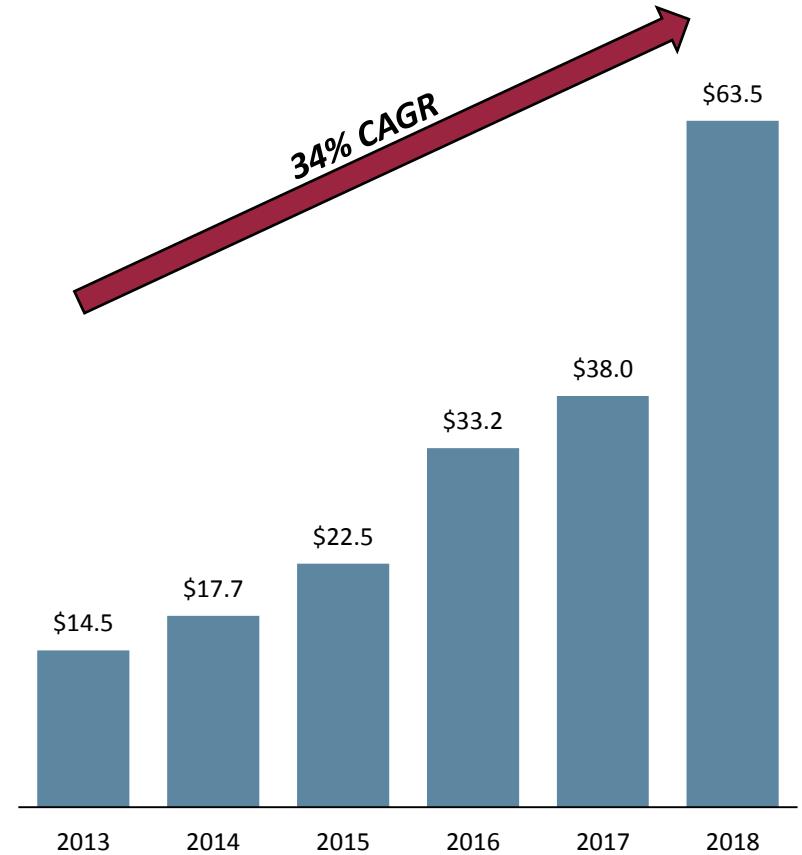
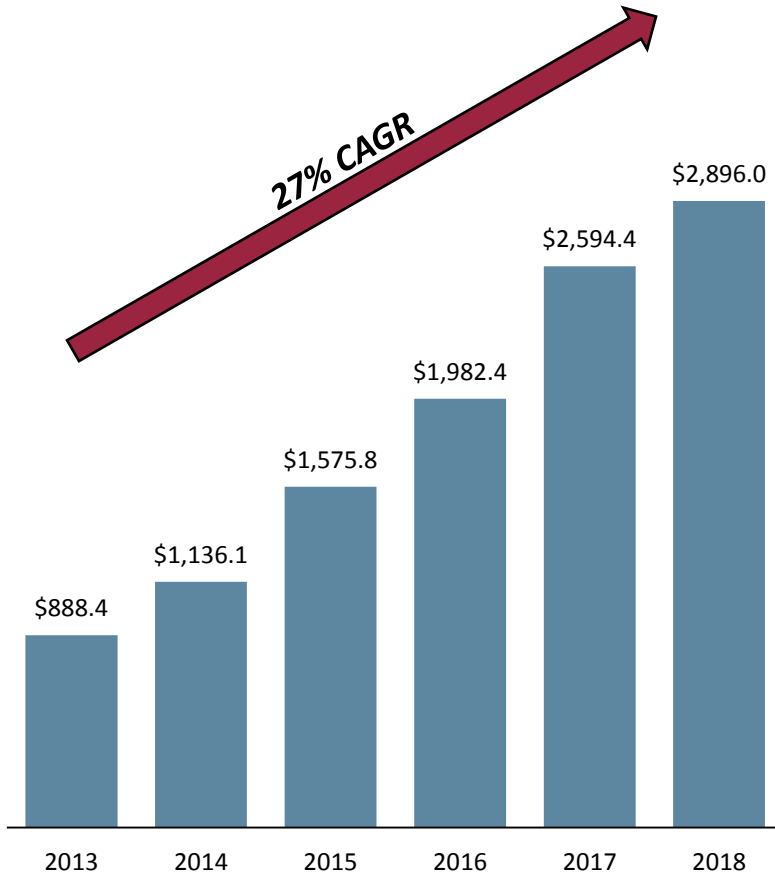
- Total portfolio loans of \$2.9 billion, a 12% year-over-year increase
- Total deposits of \$2.5 billion, a 9% year-over-year increase
- Net income of \$63.5 million, or \$1.20 diluted EPS, a 67% year-over-year increase

# FY 2018 Financial Summary

## Demonstrated Growth

Total Net Loans (\$ Million)

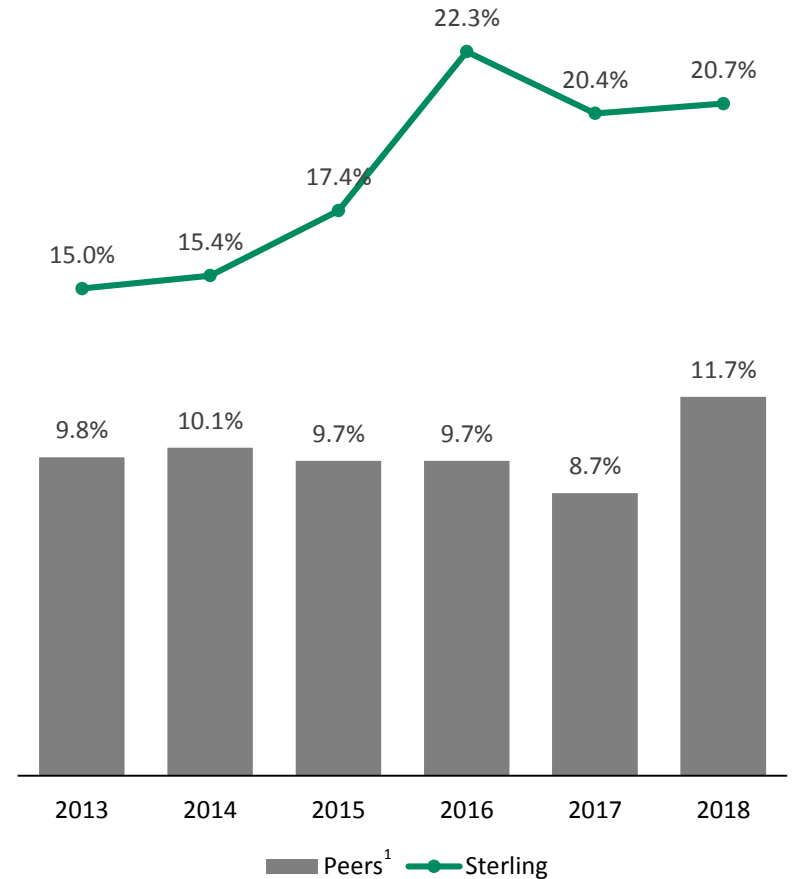
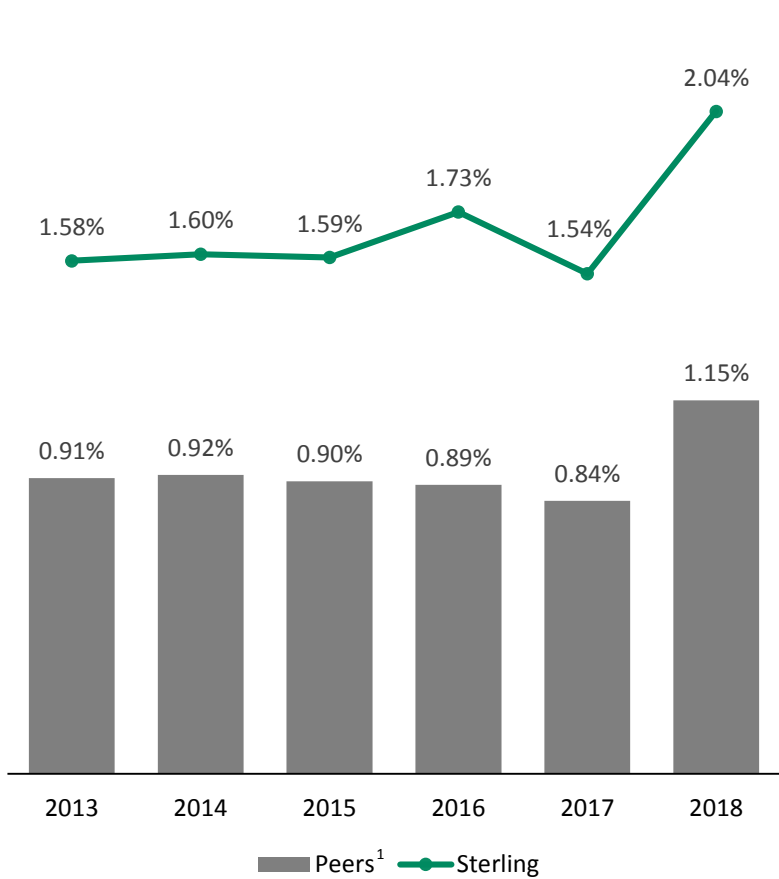
Net Income (\$ Million)





# Strong Core Returns

## Consistent Profitability and Growth Drive High Returns



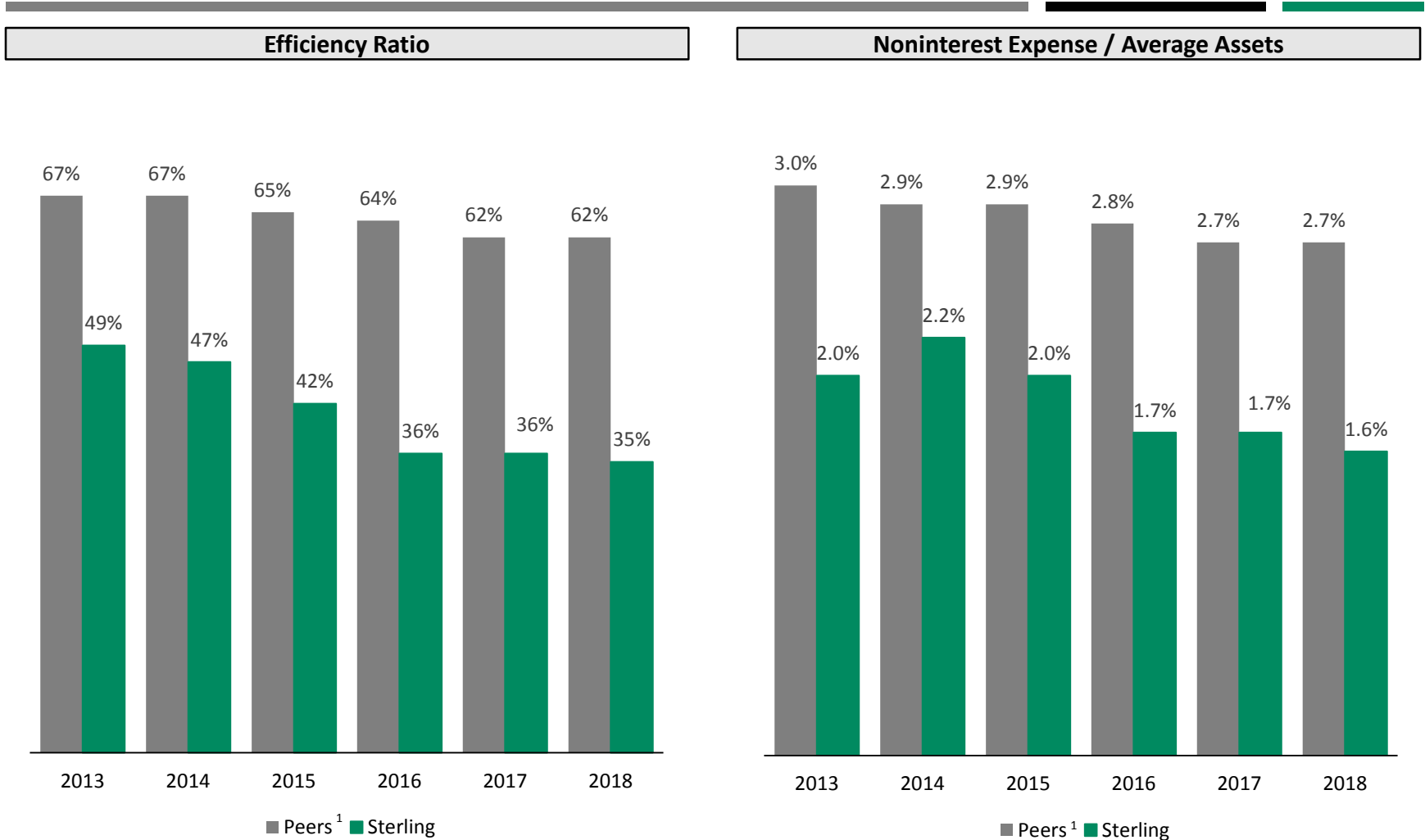
Note:

1: Peers consists of exchange-traded banks and thrifts with \$1Bn - \$5Bn in assets as of December 31, 2018 quarterly filings, mean metrics pictured.

Source: SEC Filings, S&P Global Market Intelligence

# Expense Management Focus

## Noninterest Expense Performance Versus Peers



Note:

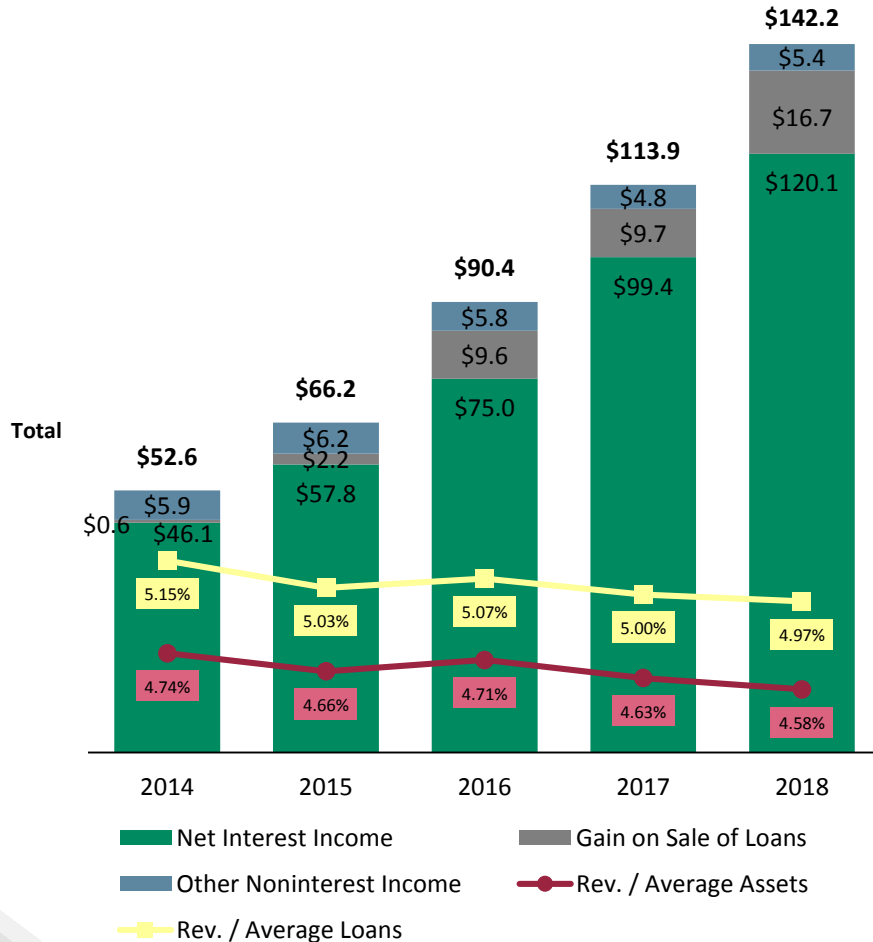
1: Peers consists of exchange-traded banks and thrifts with \$1Bn - \$5Bn in assets as of September 30, 2018 quarterly filings, mean metrics pictured.

Source: SEC Filings, S&P Global Market Intelligence

# Strong Revenue Growth

## Consistent Revenue Composition on a High Growth Balance Sheet

Revenue Stream Analysis (\$ Million)



### FY 2018 Highlights

- \$20.7 million, or a 21% increase in net interest income compared to the prior year driven by strong originations and balance sheet growth

### Growth Opportunities

- Continued secondary market demand for loan sales
- Acquisition of Quantum Capital to establish platform for investment management and private banking
- Accelerated growth in Los Angeles and new markets including NY and Seattle
- Expansion of current residential and commercial teams in all operating markets

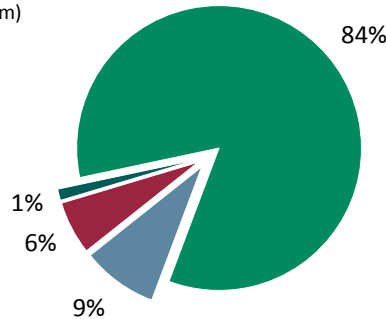
Note: 2017 and 2018 revenue streams reflect the accounting change that took place in the second quarter of 2018 for certain commitment fees to be classified as interest and fees on loans.

# Loan Portfolio Composition

## Sterling's Portfolio is Comprised of Low LTV, Short Reset, Lower Balance Loans

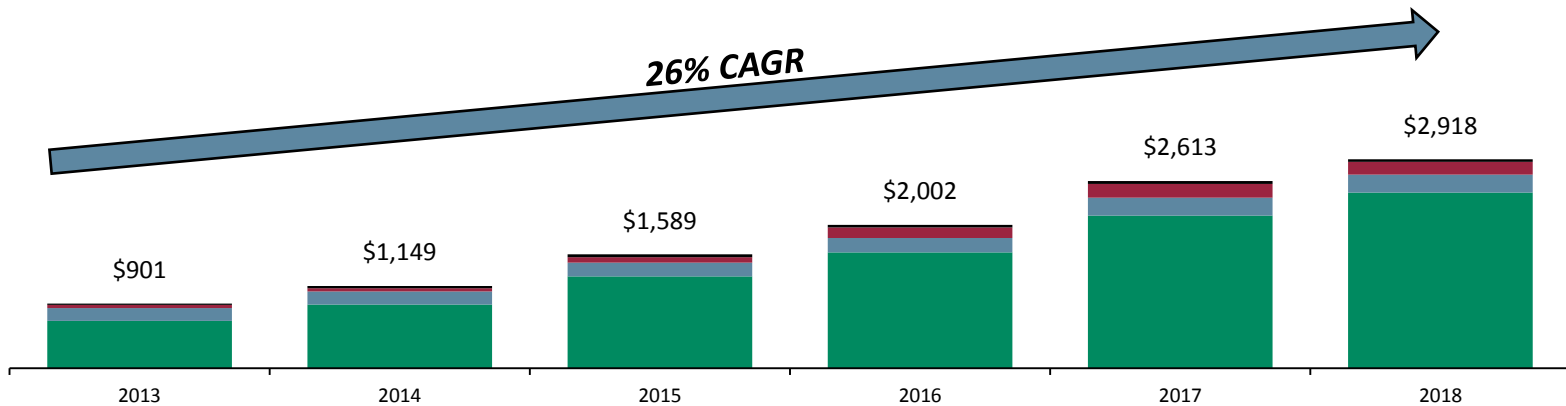
**Loan Composition as of December 31, 2018**

- 1-4 Family Residential (\$2.5Bn)
- Commercial Real Estate (\$251mm)
- Construction (\$177mm)
- Commercial (\$38mm)



- 62% Average LTV in residential products
- 41% of loan portfolio reprices in the next 12 months
- 90 Days+ delinquencies of 2bps
- Rated as a servicer by DBRS and Fitch
- Sterling loans also used as collateral in securitizations

**Loan Composition Over Time (\$ Million)**



Yield on Loans	2013	2014	2015	2016	2017	2018
	5.19%	5.02%	4.95%	5.02%	5.11%	5.50%*

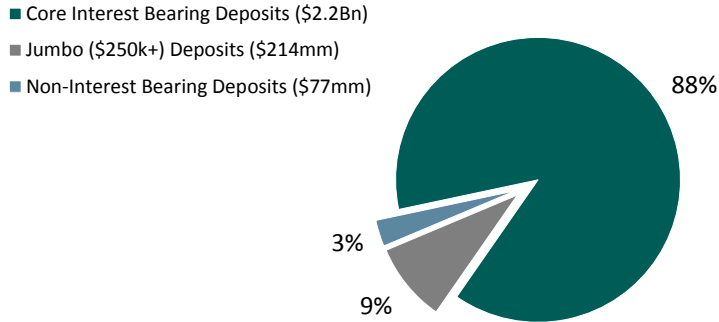
Note: Financial data as of December 31, 2018 unless noted

\*2018 yield on loans reflects the accounting change that took place in the second quarter for certain commitment fees to be classified as interest and fees on loans.

# Stable Deposit Funding

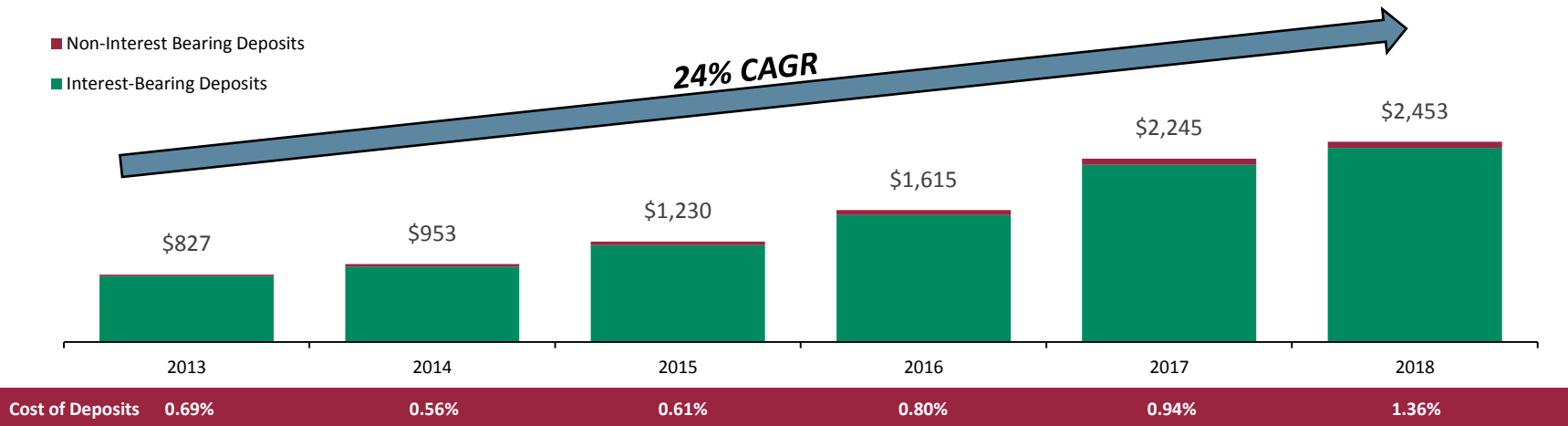
## Sterling Has a Sizable Core Deposit Base

**Deposit Composition as of December 31, 2018**



- Almost all of our borrowers maintain a deposit account
- Average residential lending customer maintains a \$16k checking account
- Average deposits per branch of \$85 million

**Deposit Composition Over Time (\$ Million)**

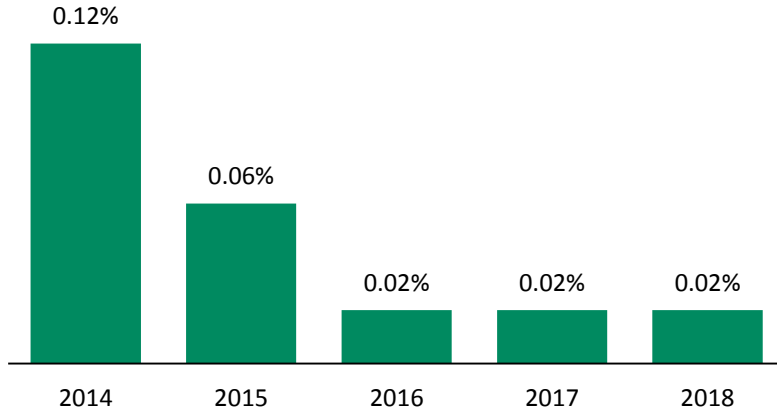


Note: Financial data as of December 31, 2018 unless noted

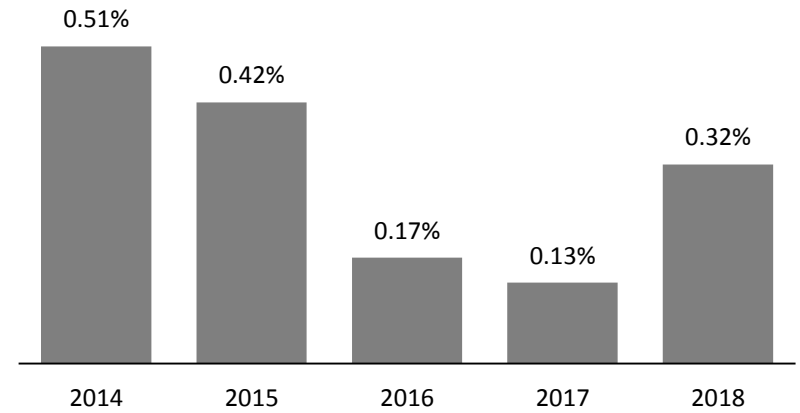
# Credit Performance

## Sterling Maintains Pristine Credit Quality

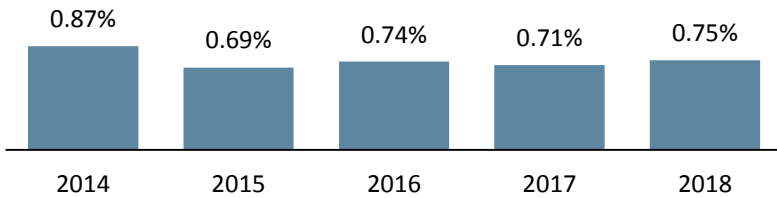
Nonaccrual Loans / Total Loans



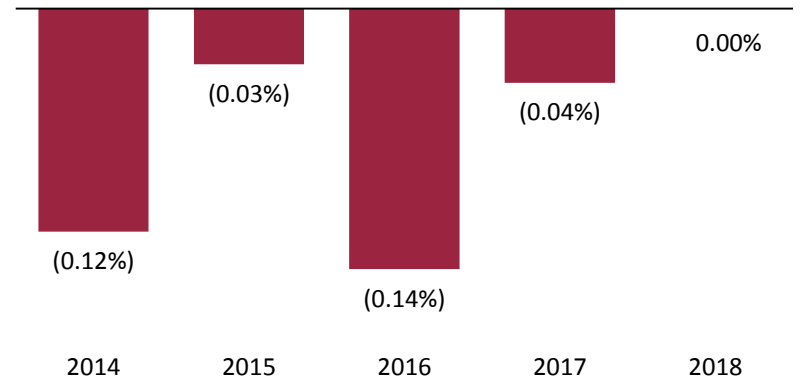
Non-Performing Assets / Total Assets



Allowance for Loan Losses / Total Loans

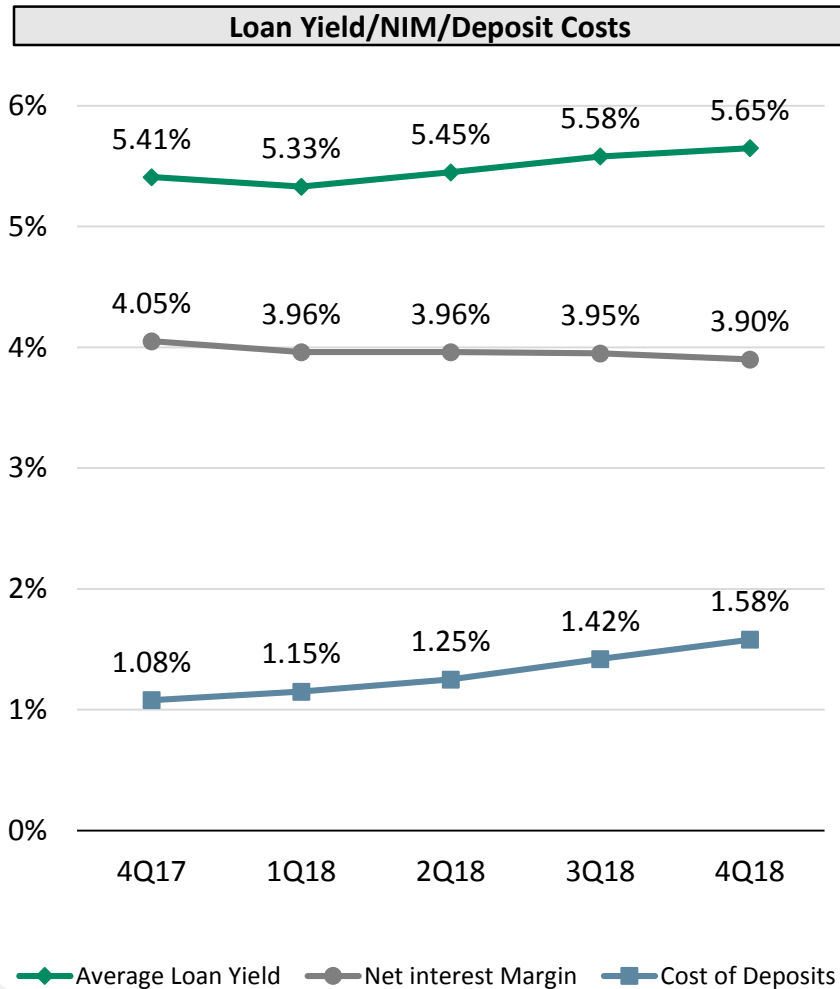


Net Charge-Offs / Average Loans



# Recent Trends in Net Interest Margin

## Loan Beta Mitigating Increase in Deposit Costs



### Factors Positively Impacting Loan Yields

- 85% of loans tied to one-year LIBOR or Prime
- \$1.1 billion of LIBOR-based loans to reprice over the next two years
- An average of \$75 million of LIBOR-based loans scheduled to reprice each month over 2019
- Average loan repricing of LIBOR-based loans expected to be at least 160 bps higher
- \$245 million of Prime-based loans that will reprice with each increase in Prime

### Strategies to Manage Deposit Costs

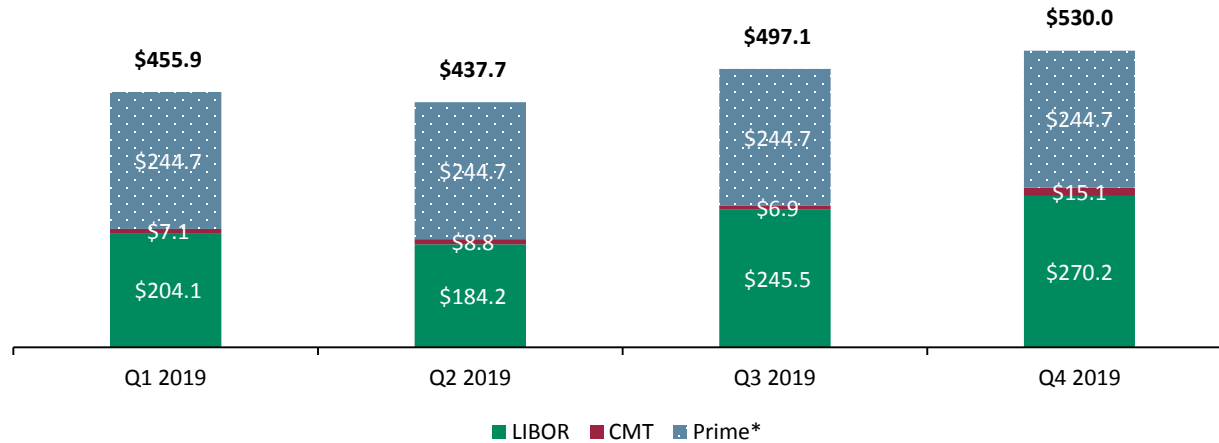
- Extend deposit maturities by issuing more 24- and 30-month CDs
- \$135 million in 24- and 30-month CDs added in 2H18, representing nearly 50% of all new CDs issued
- Recent branch openings in new markets expected to positively impact deposit gathering

Note: Yield on loans and NIM reflect the accounting change that took place in the second quarter for certain commitment fees to be classified as interest and fees on loans.

# Loan Repricing Schedule

## Loan Repricings Expected to Positively Impact Average Loan Yield

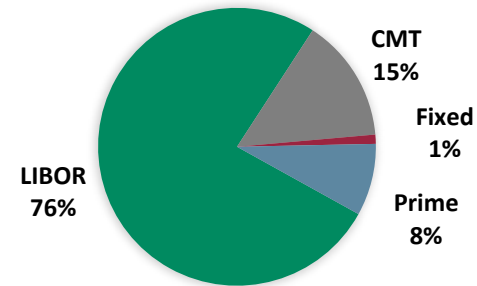
Loan Repricing Schedule\*\* (\$ Million)



Variable-Rate Loans by Index

	Amount (In millions)	Wtd-Avg Margin (In basis points)
Other LIBOR	\$ 1.5	337
12-month LIBOR	2,219.5	405
1-year CMT	28.5	365
3-year CMT	10.5	328
5-year CMT	372.3	328
Prime Rate	244.7	164
<b>Total adjustable loans</b>	<b>\$ 2,877.0</b>	<b>373</b>

Loan Portfolio by Repricing Index



\*Prime-based loans will reprice with any changes to the Prime Rate

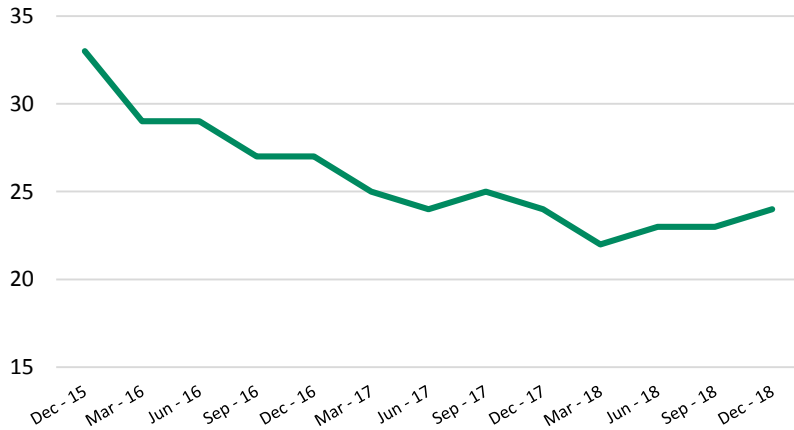
\*\*To prevent loan attrition, some loans scheduled for reset are renegotiated to current market rates +50 bps



# Interest Rate Risk Analysis

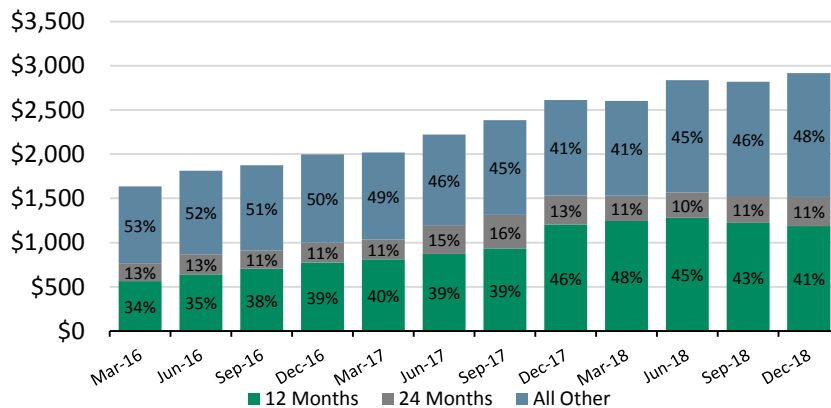
## Interest Rate Risk Mitigated by ARM Loans and Repricing Structures

**Weighted-Average Reset (months)**



- Strategically decreased WAReset of loans
- WAReset may be influenced through loan sales
- Investment portfolio average duration 0.60 years
- Increasing deposit price competition traditionally lags market rates, but will put downward pressure on NIM
- Weighted average margin of 12Mo LIBOR plus 4.05% on \$2.2B of residential loans
- Held for Investment loans predominantly all ARM loans

**Repricing Matrix <sup>1</sup>**



Note:

1: Over 99% of loans repricing in the next 12 months will adjust annually thereafter

# Solid Capital Ratios

	As of and for the 3mo. Ended			Well Capitalized Regulatory Guidelines
	12/31/2017	9/30/2018	12/31/2018	
Tier 1 (core) capital to risk-weighted assets	15.53%	16.55%	17.45%	8.00%
Tier 1 (core) capital to adjusted tangible assets	9.83%	10.04%	10.42%	5.00%
Common Tier 1 (CET 1)	15.53%	16.55%	17.45%	6.50%
Total adjusted capital to risk-weighted assets	20.28%	21.00%	21.98%	10.00%

# Investment Highlights

- ✓ **Experienced Leadership Team**
  - Executive management with an average tenure at Sterling of 18 years
- ✓ **Desirable Branch Network in High-Growth Markets**
  - Branch network with a stronghold in the San Francisco Bay Area (Largest branch network of any community bank in the city of San Francisco)
  - Focused growth in Los Angeles and Orange County
  - New branching footholds in New York City and Seattle
- ✓ **Pristine Credit Quality**
  - 5 years of net recoveries versus peer charge-offs
  - Non-performing loans / total loans of 15bps
  - Non-performing assets / total assets of 32bps
- ✓ **Focused Suite of Residential & Commercial Products**
  - Average LTV of 62% in residential products
  - 26% Net loan CAGR since 2013 with a net interest margin of 3.94% in 2018
  - Began bulk loan sales in 2015 to manage balance sheet, liquidity, and interest rate risk
- ✓ **In-Branch Relationship Deposits and Loans**
  - Strong customer loyalty, almost all borrowers maintain a deposit account
  - Average residential lending checking relationship maintains a \$16k deposit balance
- ✓ **Profitable & Efficient Business Model**
  - History of strong performance delivering 2.04% ROAA and 20.7% ROATCE in 2018
  - Ranked #1 overall in SNL Financial's "Top Performing Banks" of 2017

# Appendix

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# Experienced Leadership Team

## Sterling Bancorp, Inc.



**Gary Judd**  
*Chairman of the Board*  
*Chief Executive Officer*

Mr. Judd has over 40 years of experience in the banking industry and has led Sterling since August 2008. His prior experience includes service as a director, president and chief executive officer for WestStar Bank and its parent company, Vail Banks, Inc. as well as Vectra Bank and its parent company Vectra Banking Corporation. Prior to those positions, he served in numerous positions with Citibank. Mr. Judd's extensive expertise over many credit cycles has provided an experienced hand at the top throughout his tenure with the Company.



**Tom Lopp**  
*President*  
*Chief Operating Officer*  
*Chief Financial Officer*

Joined the Company as a Divisional Controller in 1997. Appointed President in December 2016, has served as Chief Operating Officer since September 2009, as Chief Financial Officer since 2002, and led the expansion into Southern California in 2015. Mr. Lopp's deep understanding of the Company, his long experience with Sterling's financial reporting responsibilities and the risks inherent in the banking business, has helped to effectively manage the risks attendant to growth.



**Michael Montemayor**  
*President of Retail & Commercial*  
*Banking*  
*Chief Lending Officer*

Joined as a Residential Lender in 1992. Mr. Montemayor worked his way through the Company as a Regional Branch Manager, Commercial Loan Officer, Construction Loan Officer, and then Managing Director of Commercial Lending followed by his appointment as Chief Lending Officer in 2006, and has led retail banking since 2013. His broad experience in all aspects of the lending business and his long-term service as Chief Lender has helped to provide continuity and consistency in to the business model and lending practices.

# Non-GAAP Reconciliations

## Return on Average Tangible Common Equity (ROATCE)

(Dollars Million)		Year Ended December 31,				
		2014	2015	2016	2017	2018
(a)	Net Income	\$17.7	\$22.5	\$33.2	\$38.0	\$63.5
(b)	Avg. Shareholders' Equity	\$117.9	\$131.7	\$150.7	\$187.5	\$307.2
(c)	Intangibles	(\$2.5)	(\$2.0)	(\$1.6)	(\$1.5)	(\$0.7)
(d)	Avg. Tang. Common Equity	\$115.4	\$129.7	\$149.1	\$186.0	\$306.5
(a) / (d)	ROATCE	15.4%	17.4%	22.3%	20.4%	20.7%

# Earnings Release Detail

## Balance Sheet

### Sterling Bancorp, Inc. Consolidated Balance Sheets Unaudited

<i>(dollars in thousands)</i>	12/31/2018	9/30/2018	% change	12/31/2017	% change
<b>Assets</b>					
Cash and due from banks	\$ 52,526	\$ 48,879	7%	\$ 40,147	31%
Interest-bearing deposits with other banks	1,100	-	N/M	-	N/M
Investment securities	148,896	142,749	4%	126,848	17%
Mortgage loans held for sale	1,248	113,805	(99)%	112,866	(99)%
Loans, net of allowance for loan losses of \$21,850, \$20,765 and \$18,457	2,895,953	2,796,150	4%	2,594,357	12%
Accrued interest receivable	13,529	13,087	3%	11,493	18%
Mortgage servicing rights, net	10,633	9,411	13%	6,496	64%
Leasehold improvements and equipment, net	9,489	9,040	5%	7,043	35%
Federal Home Loan Bank stock, at cost	22,950	22,950	0%	22,950	0%
Cash surrender value of bank-owned life insurance	31,302	31,146	1%	30,680	2%
Deferred tax asset, net	6,122	7,002	(13)%	6,847	(11)%
Other assets	3,026	2,744	10%	2,231	36%
<b>Total assets</b>	<b>\$ 3,196,774</b>	<b>\$ 3,196,963</b>	<b>(0)%</b>	<b>\$ 2,961,958</b>	<b>8%</b>
<b>Liabilities</b>					
Noninterest-bearing deposits	\$ 76,815	\$ 79,432	(3)%	\$ 73,682	4%
Interest-bearing deposits	2,375,870	2,332,639	2%	2,171,428	9%
<b>Total deposits</b>	<b>2,452,685</b>	<b>2,412,071</b>	<b>2%</b>	<b>2,245,110</b>	<b>9%</b>
Federal Home Loan Bank borrowings	293,000	335,000	(13)%	338,000	(13)%
Subordinated notes, net	65,029	64,993	0%	64,889	0%
Accrued expenses and other liabilities	51,003	65,456	(22)%	40,661	25%
<b>Total liabilities</b>	<b>2,861,717</b>	<b>2,877,520</b>	<b>(1)%</b>	<b>2,688,660</b>	<b>6%</b>
<b>Shareholders' Equity</b>					
Preferred stock, authorized 10,000,000 shares; no shares issued and outstanding	-	-	-	-	-
Common stock, voting, no par value, authorized 500,000,000 shares at December 31, 2018, September 30, 2018 and December 31, 2017; issued and outstanding 53,012,283 shares at December 31, 2018 and September 30, 2018, and 52,963,308 shares at December 31, 2017	111,238	111,238	0%	111,238	(0)%
Additional paid-in capital	12,713	12,604	1%	12,416	2%
Retained earnings	211,115	195,649	8%	149,816	41%
Accumulated other comprehensive loss	(9)	(48)	N/M	(172)	N/M
<b>Total shareholders' equity</b>	<b>335,057</b>	<b>319,443</b>	<b>5%</b>	<b>273,298</b>	<b>23%</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,196,774</b>	<b>\$ 3,196,963</b>	<b>(0)%</b>	<b>\$ 2,961,958</b>	<b>8%</b>

N/M – Not Meaningful



# Earnings Release Detail

## Income Statement

### Sterling Bancorp, Inc. Consolidated Statements of Income Unaudited

(dollars in thousands, except per share amounts)	Three Months Ended					Year Ended		
	12/31/2018	9/30/2018	% change	12/31/2017	% change	12/31/2018	12/31/2017	% change
<b>Interest income:</b>								
Interest and fees on loans <sup>(1)</sup>	\$ 41,747	\$ 40,772	2%	\$ 34,673	20%	\$ 157,499	\$ 122,789	28%
Interest and dividends on investment securities	1,060	958	11%	588	80%	3,679	1,890	95%
Other interest	194	166	17%	54	259%	593	157	278%
<b>Total interest income <sup>(1)</sup></b>	<b>43,001</b>	<b>41,896</b>	<b>3%</b>	<b>35,315</b>	<b>22%</b>	<b>161,771</b>	<b>124,836</b>	<b>30%</b>
<b>Interest expense:</b>								
Interest on deposits	9,635	8,628	12%	5,884	64%	32,031	17,570	82%
Interest on Federal Home Loan Bank borrowings	1,487	1,297	15%	751	98%	4,951	3,795	30%
Interest on subordinated notes and other	1,173	1,173	0%	1,187	(1)%	4,689	4,070	15%
<b>Total interest expense</b>	<b>12,295</b>	<b>11,098</b>	<b>11%</b>	<b>7,822</b>	<b>57%</b>	<b>41,671</b>	<b>25,435</b>	<b>64%</b>
<b>Net interest income <sup>(1)</sup></b>	<b>30,706</b>	<b>30,798</b>	<b>(0)%</b>	<b>27,493</b>	<b>12%</b>	<b>120,100</b>	<b>99,401</b>	<b>21%</b>
Provision for loan losses	1,045	423	147%	600	74%	3,229	2,700	20%
<b>Net interest income after provision for loan losses <sup>(1)</sup></b>	<b>29,661</b>	<b>30,375</b>	<b>(2)%</b>	<b>26,893</b>	<b>10%</b>	<b>116,871</b>	<b>96,701</b>	<b>21%</b>
<b>Non-interest income:</b>								
Service charges and fees <sup>(1)</sup>	113	100	13%	51	122%	379	253	50%
Investment management and advisory fees	467	445	5%	603	(23)%	2,035	2,338	(13)%
Net gain on sale of loans	4,566	3,005	52%	868	426%	16,673	9,681	72%
Other income	868	683	27%	726	20%	2,950	2,236	32%
<b>Total non-interest income <sup>(1)</sup></b>	<b>6,014</b>	<b>4,233</b>	<b>42%</b>	<b>2,248</b>	<b>168%</b>	<b>22,037</b>	<b>14,508</b>	<b>52%</b>
<b>Non-interest expense:</b>								
Salaries and employee benefits	7,587	6,973	9%	6,880	10%	28,438	23,778	20%
Occupancy and equipment	2,334	1,760	33%	1,632	43%	7,250	5,986	21%
Professional fees	774	898	(14)%	665	16%	3,118	1,673	86%
Advertising and marketing	470	470	0%	370	27%	1,640	1,025	60%
FDIC assessments	244	186	31%	455	(46)%	1,447	1,296	12%
Data processing	329	311	6%	292	13%	1,223	1,059	15%
Other	1,943	1,933	1%	1,649	18%	7,220	5,944	21%
<b>Total non-interest expense</b>	<b>13,681</b>	<b>12,531</b>	<b>9%</b>	<b>11,943</b>	<b>15%</b>	<b>50,336</b>	<b>40,761</b>	<b>23%</b>
<b>Income before income taxes</b>	<b>21,994</b>	<b>22,077</b>	<b>(0)%</b>	<b>17,198</b>	<b>28%</b>	<b>88,572</b>	<b>70,448</b>	<b>26%</b>
Income tax expense	5,998	6,336	(5)%	10,667	(44)%	25,104	32,471	(23)%
<b>Net income</b>	<b>\$ 15,996</b>	<b>\$ 15,741</b>	<b>2%</b>	<b>\$ 6,531</b>	<b>145%</b>	<b>\$ 63,468</b>	<b>\$ 37,977</b>	<b>67%</b>
<b>Income per share, basic and diluted</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>		<b>\$ 0.13</b>		<b>\$ 1.20</b>	<b>\$ 0.82</b>	<b>46%</b>
<b>Weighted average common shares outstanding:</b>								
Basic	52,963,308	52,963,308		49,033,542		52,963,308	46,219,367	
Diluted	52,967,004	52,966,593		49,033,542		52,965,567	46,219,367	

N/M – Not Meaningful

(1) In the second quarter of 2018, the Company corrected the classification of commitment fees, net of direct loan origination costs, earned on construction loans and other lines of credit to commercial customers in its condensed consolidated statements of income to the financial statement caption, interest and fees on loans, which were previously reported in service charges and fees. As a result, the three and twelve months ended December 31, 2017 have been adjusted from the amounts previously reported to correct the classification error. The amount of the adjustment was a decrease to service charges and fees, and increase to interest and fees on loans of \$578 and \$2,088 for the three and twelve months ended December 31, 2017, respectively. There was no change to the reported net income or income per share, basic and diluted, as previously reported as a result of this immaterial correction.



# Earnings Release Detail



## Performance Ratios

### Sterling Bancorp, Inc. Performance Ratios

Performance Ratios:	As of and for the Three Months Ended			As of and for the Year Ended	
	12/31/2018	9/30/2018	12/31/2017	12/31/2018	12/31/2017
Return on average assets	1.99%	1.98%	0.94%	2.04%	1.54%
Return on average shareholders' equity	19.36%	20.07%	11.46%	20.66%	20.25%
Return on average tangible common equity	19.39%	20.11%	11.50%	20.71%	20.41%
Yield on earning assets <sup>(1)</sup>	5.46%	5.38%	5.20%	5.31%	5.19%
Cost of average interest-bearing liabilities	1.78%	1.62%	1.28%	1.56%	1.18%
Net interest spread <sup>(1)</sup>	3.68%	3.76%	3.92%	3.75%	4.01%
Net interest margin <sup>(1)</sup>	3.90%	3.95%	4.05%	3.94%	4.13%
Efficiency ratio <sup>(2)</sup>	37.3%	35.8%	40.2%	35.4%	35.8%

(1) Refer to footnote to Condensed Consolidated Statements of Income table on slide 24.

(2) Efficiency Ratio is computed as the ratio of non-interest expense divided by the sum of net interest income and non-interest income.

# Earnings Release Detail

## Capital and Credit Quality

### Sterling Bancorp, Inc. Capital and Credit Quality Ratios

#### As of and for the Three Months Ended

(dollars in thousands)

12/31/2018    9/30/2018    12/31/2017

#### Capital Ratios

##### Regulatory and Other Capital Ratios— Consolidated:

Total adjusted capital to risk-weighted assets	21.98%	21.00%	20.28%
Tier 1 (core) capital to risk-weighted assets	17.45%	16.55%	15.53%
Common Tier 1 (CET 1)	17.45%	16.55%	15.53%
Tier 1 (core) capital to adjusted tangible assets	10.42%	10.04%	9.83%

##### Regulatory and Other Capital Ratios—Bank:

Total adjusted capital to risk-weighted assets	16.94%	15.99%	14.76%
Tier 1 (core) capital to risk-weighted assets	15.80%	14.91%	13.71%
Common Tier 1 (CET 1)	15.80%	14.91%	13.71%
Tier 1 (core) capital to adjusted tangible assets	9.44%	9.04%	8.68%

#### Credit Quality Data

Nonperforming loans <sup>(1)</sup>	\$ 4,500	\$ 356	\$ 783
Nonperforming loans to total loans	0.15%	0.01%	0.03%
Nonperforming assets <sup>(2)</sup>	\$ 10,157	\$ 6,035	\$ 3,777
Nonperforming assets to total assets	0.32%	0.19%	0.13%
Allowance for loan losses to total loans	0.75%	0.74%	0.71%
Allowance for loan losses to nonperforming loans	486%	5,833%	2,357%
Net recoveries to average loans	(0.00)%	(0.00)%	(0.03)%

1: Nonperforming loans include nonaccrual loans and loans past due 90 days or more and still accruing interest.

2: Nonperforming assets include nonperforming loans and loans modified under troubled debt restructurings and other repossessed assets.

# Earnings Release Detail

## Allowance for Loan Losses, Loan Composition, and Deposit Composition

### Sterling Bancorp, Inc. Allowance for Loan Losses

<i>(dollars in thousands)</i>	Three Months Ended			Year Ended	
	12/31/2018	9/30/2018	12/31/2017	12/31/2018	12/31/2017
Balance at beginning of period	\$ 20,765	\$ 20,300	\$ 17,189	\$ 18,457	\$ 14,822
Provision for loan losses	1,045	423	600	3,229	2,700
Charge offs	-	-	(19)	(4)	(19)
Recoveries	40	42	687	168	954
Balance at end of period	\$ 21,850	\$ 20,765	\$ 18,457	\$ 21,850	\$ 18,457

### Sterling Bancorp, Inc. Loan Composition

<i>(dollars in thousands)</i>	12/31/2018	9/30/2018	%change	12/31/2017	%change
<b>Loan Composition</b>					
Construction	\$ 176,605	\$ 177,734	(1)%	\$ 192,319	(8)%
Residential real estate, mortgage	2,452,441	2,341,989	5%	2,132,641	15%
Commercial real estate, mortgage	250,955	252,782	(1)%	247,076	2%
Commercial and industrial loans, lines of credit	37,776	44,375	(15)%	40,749	(7)%
Other consumer loans	26	35	(25)%	29	(9)%
Total loans held for investment	2,917,803	2,816,915	4%	2,612,814	12%
Less: allowance for loan losses	(21,850)	(20,765)	5%	(18,457)	18%
Loans, net	\$ 2,895,953	\$ 2,796,150	4%	\$ 2,594,357	12%
Mortgage loans held for sale	\$ 1,248	\$ 113,805	(99)%	\$ 112,866	(99)%
Total gross loans	\$ 2,919,051	\$ 2,930,720	(0)%	\$ 2,725,680	7%

### Sterling Bancorp, Inc. Deposit Composition

<i>(dollars in thousands)</i>	12/31/2018	9/30/2018	%change	12/31/2017	%change
<b>Deposit Composition</b>					
Noninterest bearing demand deposits	\$ 76,815	\$ 79,432	(3)%	\$ 73,682	4%
Money Market, Savings and NOW	1,481,591	1,537,202	(4)%	1,507,956	(2)%
Time deposits	894,279	795,437	12%	663,472	35%
Total deposits	\$ 2,452,685	\$ 2,412,071	2%	\$ 2,245,110	9%

# Earnings Release Detail

## Quarterly Yield Analysis

### Sterling Bancorp, Inc. Yield Analysis

	Three Months Ended								
	December 31, 2018			September 30, 2018			December 31, 2017		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
<i>(dollars in thousands)</i>									
<b>Interest earning assets</b>									
Loans <sup>(1,3)</sup>	\$ 2,957,092	\$ 41,747	5.65%	\$ 2,923,584	\$ 40,772	5.58%	\$ 2,563,319	\$ 34,673	5.41%
Securities, includes restricted stock	161,362	1,060	2.63%	165,636	958	2.31%	132,869	588	1.77%
Other interest earning assets	31,207	194	2.49%	27,604	166	2.41%	18,597	54	1.17%
<b>Total interest earning assets <sup>(3)</sup></b>	<b>\$3,149,661</b>	<b>\$43,001</b>	<b>5.46%</b>	<b>\$3,116,824</b>	<b>\$41,896</b>	<b>5.38%</b>	<b>\$2,714,785</b>	<b>\$35,315</b>	<b>5.20%</b>
<b>Interest-bearing liabilities</b>									
Money Market, Savings, NOW	\$ 1,507,209	\$ 5,495	1.45%	\$ 1,539,304	\$ 5,181	1.34%	\$ 1,457,137	\$ 3,653	0.99%
Time deposits	833,202	4,140	1.97%	796,197	3,447	1.72%	662,822	2,231	1.34%
<b>Total interest-bearing deposits</b>	<b>2,340,411</b>	<b>9,635</b>	<b>1.63%</b>	<b>2,335,501</b>	<b>8,628</b>	<b>1.47%</b>	<b>2,119,959</b>	<b>5,884</b>	<b>1.10%</b>
FHLB borrowings	338,462	1,487	1.72%	324,795	1,297	1.56%	244,263	751	1.20%
Subordinated debt	65,006	1,173	7.22%	64,970	1,173	7.22%	64,871	1,187	7.32%
<b>Total borrowings</b>	<b>403,468</b>	<b>2,660</b>	<b>2.58%</b>	<b>389,765</b>	<b>2,470</b>	<b>2.48%</b>	<b>309,134</b>	<b>1,938</b>	<b>2.45%</b>
<b>Total interest-bearing liabilities</b>	<b>\$ 2,743,879</b>	<b>12,295</b>	<b>1.78%</b>	<b>\$ 2,725,266</b>	<b>11,098</b>	<b>1.62%</b>	<b>\$ 2,429,093</b>	<b>7,822</b>	<b>1.28%</b>
<b>Net interest income and spread <sup>(2,3)</sup></b>		<b>\$ 30,706</b>	<b>3.68%</b>		<b>\$ 30,798</b>	<b>3.76%</b>		<b>\$ 27,493</b>	<b>3.92%</b>
<b>Net interest margin <sup>(2,3)</sup></b>			<b>3.90%</b>			<b>3.95%</b>			<b>4.05%</b>

	Year Ended					
	December 31, 2018			December 31, 2017		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
<i>(dollars in thousands)</i>						
<b>Interest earning assets</b>						
Loans <sup>(1,3)</sup>	\$ 2,861,847	\$ 157,499	5.50%	\$ 2,276,282	\$ 122,789	5.39%
Securities, includes restricted stock	157,042	3,679	2.34%	113,847	1,890	1.66%
Other interest earning assets	27,012	593	2.20%	14,300	157	1.10%
<b>Total interest earning assets <sup>(3)</sup></b>	<b>\$3,045,901</b>	<b>\$ 161,771</b>	<b>5.31%</b>	<b>\$2,404,429</b>	<b>\$124,836</b>	<b>5.19%</b>
<b>Interest-bearing liabilities</b>						
Money Market, Savings, NOW	\$ 1,521,963	\$ 19,278	1.27%	\$ 1,333,043	\$ 11,985	0.90%
Time deposits	763,212	12,753	1.67%	476,303	5,585	1.17%
<b>Total interest-bearing deposits</b>	<b>2,285,175</b>	<b>32,031</b>	<b>1.40%</b>	<b>1,809,346</b>	<b>17,570</b>	<b>0.97%</b>
FHLB borrowings	318,774	4,951	1.55%	299,719	3,795	1.27%
Subordinated debt	64,953	4,689	7.22%	55,315	4,070	7.36%
<b>Total borrowings</b>	<b>383,727</b>	<b>9,640</b>	<b>2.51%</b>	<b>355,034</b>	<b>7,865</b>	<b>2.22%</b>
<b>Total interest-bearing liabilities</b>	<b>\$ 2,668,902</b>	<b>41,671</b>	<b>1.56%</b>	<b>\$ 2,164,380</b>	<b>25,435</b>	<b>1.18%</b>
<b>Net interest income and spread <sup>(2,3)</sup></b>		<b>\$ 120,100</b>	<b>3.75%</b>		<b>\$ 99,401</b>	<b>4.01%</b>
<b>Net interest margin <sup>(2,3)</sup></b>			<b>3.94%</b>			<b>4.13%</b>

1. Nonaccrual loans are included in the respective average loan balances. Income, if any, on such loans is recognized on a cash basis.
2. Interest income does not include taxable equivalent adjustments. Prior periods have been reclassified to current period presentation.
3. Refer to footnote to Condensed Consolidated Statements of Income table on slide 24.

